ATOMIC ENERGY OF CANADA LIMITED

First Quarter Financial Report

Interim Condensed Consolidated Financial Statements (Unaudited)

As at and for the three months ended
June 30, 2013 and June 30, 2012

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1 MESSAGE FROM THE PRESIDENT

AECL realized important progress in the first quarter of 2013-2014, maintaining our momentum from the 2012-2013 fiscal year as we continue to conduct innovative nuclear science and technology research and technological services in order to benefit Canada.

Guiding this work is AECL's 2013-14 Corporate Plan, which received Governor in Council approval in Q1. As we enter our second year as a stand-alone science and technology organization, our planning is fully aligned with the Government of Canada's vision for AECL, and will guide us as we fulfill our value proposition and respond to AECL restructuring.

This year, AECL is focused on two areas of particular significance to restructuring success: strategic improvement and strategic capabilities. Strategic improvement comprises several initiatives that will enhance productivity, sharpen our focus on safety and stimulate business innovation through AECL science and technology, while strategic capabilities focus on the ongoing development of AECL people, tools and technologies in areas of importance to government, customers and stakeholders.

AECL has already made progress in these areas this quarter. Our employees continue to seek out and find new efficiencies across the organization, we've met our commitments by delivering against our Program Activity plans, we continue to grow our partnerships and seek out new opportunities for collaboration, and we are fostering an environment of continuous improvement to enhance our skills and capabilities.

In Q1, AECL continued to support the nuclear industry in Canada. Important testing was completed for the CANDU Owners Group (COG) on two projects that will help inform utility decisions concerning plant refurbishment. Both of these projects provide the Canadian nuclear power sector with useful information that could extend the operating life of key reactor components, supporting a strong, safe and cost-effective nuclear power industry in Canada.

AECL also participated in a successful international exercise organized by the International Technical Working Group on Nuclear Forensics. Alongside the Canadian Nuclear Safety Commission (CNSC) and National Research Council, AECL represented Canada in an exercise that involved a hypothetical seizure of spent fuel. These initiatives support and enhance nuclear safety and security internationally and the results will be featured in a prominent scientific journal to demonstrate the importance of nuclear forensics libraries.

Advances in environmental remediation continue at AECL sites. Strong progress was made in the completion of a groundwater treatment system, decommissioning of an experimental cesium pond at AECL's Whiteshell site, and initiation of major projects at the Chalk River Laboratories to remove radioactive liquid waste from historical buried tanks. This work is resulting in significant reduction in liabilities and attendant risks for our sites.

As a key generator of highly-qualified people in Canada, AECL hosted the 12th annual Canadian Neutron Scattering Summer School. The school featured lectures and experiments focused on

neutron methods and applications covering a wide range of scientific areas. AECL also sponsored and participated in the 19th annual Skills Canada National Competition for the second consecutive year. Both events provided AECL with the opportunity to build awareness about AECL expertise and support the development of highly qualified people in Canada.

AECL issued 86 commercial proposals in Q1 totaling $41.9 million. This represents a 22 per cent increase in dollar value when compared to the previous quarter and demonstrates the important progress that we've made in business development activities and in expanding our commercial footprint in the Canadian nuclear sector.

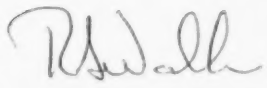
Internally, AECL completed significant upgrades to its facilities. AECL's annual planned 30-day extended NRU maintenance outage was successfully completed in Q1, on schedule and without incident. This year's outage included many large, complex maintenance activities and in-vessel inspections and ensures NRU is readily available for its customers. AECL also brought its radioactive liquids waste drain line back into safe and reliable service at AECL's Chalk River site. These projects are critical to ensuring that our facilities are safe, reliable and compliant.

Finally, AECL's progress extended to the implementation of restructuring of AECL's Nuclear Laboratories. Through Public Works and Government Services Canada's practice known as "Smart Procurement," the procurement process to select a contractor for the Government-owned, Contractor-operated (GoCo) model for AECL, led by Public Works and Government services Canada (PWGSC) and Natural Resources Canada (NRCan) is well underway. This process comprises early engagement, effective governance and independent advice, while weighing potential risks and socio-economic opportunities.

As part of this process, PWGSC hosted an Industry Day in Ottawa. The event was well attended, with approximately 100 participants representing 40 companies in attendance, demonstrating the strong interest in the outcome of this important process. AECL continues to provide the Government of Canada with our counsel as restructuring unfolds, ensuring we have a strong voice in the implementation.

Q1 was clearly a successful period for AECL and we will work to build upon our early success this fiscal year. With our Corporate Plan to guide us, we will continue to support the Government of Canada's priorities for a clean and healthy environment, healthy Canadians, a safe and secure Canada, and an innovative and knowledge-based economy.

I'd like to thank the AECL Board of Directors, our management team and AECL personnel for another successful period. Your commitment this quarter ensures that we continue to fulfill our obligations to Canadians as the nation's premier nuclear science and technology organization, and that we establish the conditions for our ongoing success. Well done.



Robert Walker
President & Chief Executive Officer

2 MANAGEMENT'S NARRATIVE DISCUSSION

2.1 Introduction

Management's Narrative Discussion is designed to provide the reader with a greater understanding of AECL's business, its business strategy and performance, its expectations of the future, and how the company manages risk and capital resources. It is also intended to enhance the understanding of the unaudited interim condensed consolidated financial statements for the first quarter of 2013-2014 and accompanying notes. Management's Narrative Discussion should therefore be read in conjunction with these documents, in addition to the 2012-2013 AECL Annual Financial Report for the year ended March 31, 2013.

Unless otherwise indicated, all financial information presented in Management's Narrative Discussion, including tabular amounts, is in Canadian dollars and is prepared in accordance with International Financial Reporting Standards (IFRS).

Management's Narrative Discussion was authorized for issue by the Board of Directors on August 14, 2013.

2.2 Our Business

AECL is an agent Crown corporation reporting to Parliament through the Minister of Natural Resources Canada. AECL is headquartered at Chalk River, Ontario and employs more than 3,250 full-time staff.

AECL provides value to Canadians as: an advisor to, and agent of, the Government of Canada for public policy purposes; an enabler of business innovation and technology transfer; and a generator of highly-qualified people.

AECL's vision is to be a global partner in nuclear innovation. The company's overriding objective or "strategic outcome" is to ensure that Canadians and the world receive energy, health, environmental and economic benefits from nuclear science and technology, with confidence that nuclear safety and security are assured.

Management organizes its business activities and evaluates its financial results through its Nuclear Laboratories, which is responsible for achieving the business goals established in AECL's Corporate Plan. Management also maintains a small staff complement in Oakville, Ontario under the Wrap-Up Office to manage retained liabilities related to AECL's Commercial Operations business as at the date of its sale in October 2011.

AECL receives federal funding through appropriations and contracts that enable it to: be an advisor to and agent of the Government of Canada in matters of public policy related to nuclear safety and security, to the production of medical isotopes, and to the management on behalf of

the Government of Canada of legacy and historic wastes from the past development of nuclear technology in Canada.

AECL also generates revenue from the provision of nuclear science and technology and related testing services. This includes medical isotopes; support for CANDU-related technology; nuclear research and development and testing services for COG, individual CANDU utilities, Candu Energy Inc. and other third parties; and commercial waste management services for hospitals and universities.

AECL undertakes a series of Program Activities, identified below, that have been established to fulfil the company's strategic outcome. These programs are aligned with and support the Government of Canada's science and technology priorities for a clean and healthy environment; healthy Canadians; a safe and secure Canada; and an innovative and knowledge-based economy.

Nuclear Industry Capability	Ensures that the Canadian nuclear sector remains safe and productive with access to science and technology resources to address emergent technological challenges, and that Canada maintains a strong nuclear power sector.
Nuclear Safety & Security	Ensures that federal activities, regulations and policies, related to nuclear or radiological issues, are supported by the necessary expertise and facilities.
Clean, Safe Energy	Involves the development of energy technologies that make a beneficial impact on Canada's use of clean energy.
Health, Isotopes & Radiation	Ensures that Canadians experience health benefits from nuclear science and technology.
Nuclear Environmental Stewardship	Ensures that Canada's federal nuclear sites are clean and healthy environments.
Nuclear Innovation Networks	Ensures that the Canadian science and technology communities can advance their innovation agendas through access to federal nuclear innovation infrastructure and expertise.
Mission-Ready Science & Technology Infrastructure	Ensures that scientists and engineers from AECL and its partner organizations have access to licensed facilities and services that enable nuclear innovation and production in a safe campus environment that is fully compliant with all legislation for conducting nuclear-related activities.
Internal Services	Provides the business and administrative support functions and infrastructure to enable the efficient and effective delivery of the above programs.

2.3 Highlights of First Quarter 2013-2014

2.3.1 Health, Safety, Security and Environment

- AECL's lost-time injury (LTI) frequency rate for Q1 was tracking below target against the frequency target set for the fiscal year.

- This quarter, AECL initiated weekly reviews of injury and illness events that take place across AECL sites. The new practice is intended to help better protect AECL workers from injuries, reduce the negative impact of these events, better fulfill regulatory requirements and improve cost management for the organization.

- In Q1, AECL finalized the design and planning of its Disability Management Project, an initiative developed to ensure AECL's disability management programs and processes are competitive, meet legal obligations and are aligned with AECL business objectives. The project is now positioned to deliver on major milestones by Q4.

2.3.2 Program Activities

Nuclear Industry Capability

- AECL completed important work for COG on the Fuel Channel Life Management Project involving endurance testing of annulus spacers in its shielded facilities. Annulus spacers are an important component of a CANDU reactor fuel channel that ensures the safe operation of the reactor. The test results will help inform utility decisions concerning refurbishment.

- AECL also completed another destructive test of a fuel channel pressure tube, which was in-reactor under operating conditions for a long period, to better understand conditions that could contribute to fuel channel degradation. Also completed in AECL's shielded facilities, the results will improve understanding of fuel channel life and also inform utility decisions around plant refurbishment. As part of an ongoing series of tests, both of these projects provide utilities with useful information that could extend the life of key CANDU reactor components.

Nuclear Safety and Security

- A multi-disciplinary nuclear forensics team from AECL participated in an international exercise organized by the International Technical Working Group on Nuclear Forensics. AECL, together with the CNSC and National Research Council, represented Canada in an exercise involving a hypothetical seizure of spent fuel that challenged countries to correctly identify the material's composition. The results will be published in order to draw attention to the success of the first web-based, international table-top exercise

and to demonstrate the importance of nuclear forensics in support of nuclear safety and security.

- The third AECL-CNSC Nuclear Safety Technology seminar was held in June in Ottawa. The annual seminar is an informal exchange on research and development results in nuclear safety technology obtained by AECL scientists, and provides Canadian nuclear organizations with the opportunity to discuss AECL activities and to get CNSC feedback on project scope and progress. The event helps ensure that Canada's regulator has access to sound scientific knowledge to enable the informed regulation of nuclear activities.

Clean, Safe Energy

- AECL researchers prepared nine scientific papers that were accepted to the Global 2013 conference on advanced nuclear fuel cycles. These papers represent a major contribution to the conference, which is widely considered to be the most important technical conference in this area, reflecting the strength and quality of AECL's advanced fuel cycle program. In addition, several AECL papers have been accepted to the 12th International Conference on CANDU Fuel in September. AECL has also been invited to serve on the opening plenary session of this conference.

- AECL participated in Defense Research and Development Canada's Northern / Arctic Power and Energy Workshop in Ottawa in Q1. The event brought together participants from private industry and other government organizations, including Canada's Department of National Defense and Environment Canada, to discuss energy options north of the 55th parallel.

- In June, AECL representatives attended the fourth Quantitative Micro Nano Workshop, which was also sponsored by AECL. The workshop facilitated dialogue between national and international parties and is an important medium for AECL to outline its mandate as Canada's premiere nuclear science and technology organization.

Health, Isotopes and Radiation

- AECL continued to support the global health community in Q1 through the reliable supply of molybdenum medical isotopes. During the quarter, 100 per cent of molybdenum isotope orders were met by AECL.

- AECL's Integrated Implementation Plan (IIP) – a program of improvement activities for the NRU reactor – continues to be executed as planned. This year, AECL has already concluded a seismic re-assessment of the NRU basement and issued equipment qualification program documentation.

- Along with collaborator Swiss Federal Institute of Technology (Zurich), AECL successfully demonstrated the ultra-trace detection of curium and americium isotopes, a world first

that opens the way for new bio-assay and forensic applications. This accomplishment meets AECL's Program Activity objective of extending health benefits to Canadians through nuclear science and technology.

Nuclear Environmental Stewardship

- This quarter, significant advances were made in environmental remediation actions at AECL sites. This work includes strong progress towards the completion of a groundwater treatment system to mitigate contamination of groundwater, decommissioning of an experimental cesium pond at AECL's Whiteshell site, and initiation of major projects at the Chalk River Laboratories to remove radioactive liquid waste from historical buried tanks. These activities will result in significant liability and risk reduction for the sites, satisfy NLLP commitments and enhance AECL's reputation for responsible environmental stewardship.

Nuclear Innovation Networks

- AECL hosted the 12th annual Canadian Neutron Scattering Summer School at its Chalk River Laboratories site. Organized by AECL's Canadian Neutron Beam Centre, the school featured lectures and experiments focused on neutron methods and attracted experts from around the world, increasing awareness about AECL's unique nuclear science and technology facilities and expertise.

- AECL also sponsored and participated in the 19th annual Skills Canada National Competition, a national, Olympic-style, multi-trade and technology competition for young Canadian students and apprentices. The national competition provides AECL with an opportunity to educate the public on its skilled trades and supports the development of highly qualified people in Canada.

Mission-Ready Science & Technology Infrastructure

- AECL's annual planned 30-day extended NRU maintenance outage was successfully completed this quarter on schedule, without incident and with a 93 per cent scope completion. The outage included many large, complex maintenance activities as well as in-vessel inspections. Overall, the outage ensures that NRU is readily available and operated safely and compliantly in support of AECL's science and technology programs.

- AECL's new company-wide nuclear safety policy was approved by the AECL Board of Directors in Q1. The policy facilitates improved focus on nuclear safety across the organization and defines AECL expectations and behaviors for its employees. The new policy also supports the safe operation of AECL nuclear facilities, ensuring the safety of AECL employees, the public and the local environment.

- Following extensive repair work, AECL successfully brought its radioactive liquids waste drain line back into safe and reliable service at its Chalk River site. The permanent

replacement pipe-work has been successfully commissioned, helping to protect the health and safety of AECL personnel and the local environment.

- In order to fulfill AECL's requirement to provide potable water to its Chalk River site in accordance with the Canada Labour Code, an agreement in principle was reached between the Town of Deep River and AECL to supply this water to AECL over a 40-year period. This agreement will ensure that AECL has the most cost-effective long-term solution to an important component of its infrastructure requirements at the Chalk River site.

Internal Services

- This quarter, AECL launched a new safety program which renews AECL's commitment to critical rules that protect employees from injury. The program was developed to bring an improved level of focus to important safety-related activities and to strengthen employee accountability in the day-to-day operation of AECL sites, reflecting AECL's commitment to employee health and safety.

- AECL's 2013-14 Corporate Plan received Governor in Council approval in Q1. Building on the strategic planning of 2012-13, the plan sets the strategic direction for AECL, underlying the commitments to deliver on its value proposition.

- Finally, AECL issued 86 commercial proposals in Q1 which totaled $41.9 million. This represents a 22 per cent increase when compared to proposals issued in the previous quarter, demonstrating important progress in AECL's business development activities.

2.3.3 Commercial Operations (Discontinued Operations)

- AECL's Wrap-Up Office continues to address outstanding obligations arising from its Commercial Operations (Discontinued Operations), including the commercial and legal work required to defend, assert and settle outstanding claims. The Wrap-Up Office also continues to manage its outstanding obligations related to the life extension projects through its subcontractor, Candu Energy Inc.

- AECL and its customer, Hydro-Quebec, recently settled all outstanding claims related to the termination of the Gentilly-2 life extension project.

2.3.4 Financial

- AECL's comprehensive income was $717 million in Q1 2013-2014 compared to a $368 million comprehensive loss in the same period of the previous year. The $1,085 million variance relates primarily to the quarterly revaluation of the decommissioning and waste management liability.

As per AECL reporting standards, the decommissioning and waste management liability is re-valued quarterly on a discounted or net present value basis using the interest rate in effect at the end of the quarter. When the interest rate decreases, the liability increases. Conversely, when the interest rate increases, the liability decreases. In both cases, the change in liability impacts the company's reported net income or net loss, but is a non-cash income or expense and does not impact AECL's funding requirements for the reporting year.

The interest rate at June 30, 2013 was 0.39% higher than the March 31, 2013 rate while the interest rate at June 30, 2012 was 0.33% lower than the March 31, 2012 rate. As a result, AECL's reported liability decreased by $706 million in the first quarter of 2013-2014 compared to an increase in the liability of $498 million in Q1 2012-2013.

- The Government of Canada provided funding to allow the Nuclear Laboratories and the Wrap-Up Office to move forward with their respective planned activities in accordance with the AECL Corporate Plan. Several of the more significant funded initiatives during the quarter were:

  - $3 million to support Enhanced CANDU 6® reactor development as per the Asset Purchase Agreement with Candu Energy Inc.

  - $82 million to support ongoing Chalk River site operations and regulatory, health, safety and environmental needs; science and technology activities; Project New Lease (infrastructure renewal) and the Isotope Supply Reliability Program (ISRP - NRU operations and licence requirements) initiatives; and Wrap-Up Office progress on the remaining reactor life extension projects.

  - $42 million for decommissioning and waste management activities.

- The 2013-2014 year-to-date results are generally comparable to the planned results presented and approved in AECL's 2013-2014 Corporate Plan. As such, AECL is on track to meet its commitments, within budget, and the financial performance measures for the current fiscal year as outlined in its 2013-2014 Corporate Plan.

2.3.5 Outlook

- 2013-2014 major priorities and deliverables are described in AECL's 2012-2013 annual financial report in the "Management's Discussion and Analysis" section. These priorities and deliverables have not materially changed in the first three months of 2013-2014.

2.4 Forward-Looking Statements

This Management's Narrative Discussion has been reviewed by AECL's Audit Committee and approved by AECL's Board of Directors. It provides comments on the performance of AECL for

the quarter ended June 30, 2013 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes.

The Management's Narrative Discussion contains forward-looking statements with respect to AECL based on assumptions that management considers reasonable at the time of preparation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause future results to differ materially from current expectations. We caution the reader that the assumptions regarding future events, many of which are difficult to predict, may ultimately require revision.

2.5 Financial Review by Organization

2.5.1 Nuclear Laboratories

For the three month period ended June 30		***2013***		*2012*
($ millions)				
Revenue and Funding				
Revenue	**$**	**22**	$	18
Cost recoveries from third parties and other		**6**		4
Amortization of Deferred capital funding		**3**		3
Total revenue and funding	**$**	**31**	$	25
Gross margin before Parliamentary appropriations	**$**	**8**	$	6
Operating expenses	**$**	**90**	$	94
Net loss before decommissioning and Parliamentary appropriations	**$**	**(71)**	$	(79)
Decommissioning				
Funding	**$**	**42**	$	27
Revaluation gain (loss) on decommissioning and waste management provision and other		**712**		(479)
Financial expenses		**(50)**		(37)
Decommissioning net income (loss)	**$**	**704**	$	(489)
Net income (loss) before Parliamentary appropriations	**$**	**633**	$	(568)

2.5.1.1 Revenue

In Q1 2013-2014, the Nuclear Laboratories generated $22 million in revenue related to its support for the nuclear industry capability, compared to $18 million in Q1 2012-2013. Revenue included isotope sales, commercial technology sales, nuclear waste management, and research and development activities performed for the CANDU Owners Group. The reported improvement can be attributed primarily to increased work performed under contract for Candu Energy Inc. and increased isotope sales amounting to $1.9 million and $1.4 million, respectively.

2.5.1.2 Gross Margin

Gross margins increased from $6 million in Q1 2012-2013 to $8 million in Q1 2013-2014. This increase stems primarily from the increased revenues described above.

2.5.1.3 Cost Recoveries from Third Parties and Other

Nuclear Laboratories manages historic low-level radioactive wastes through the Low-Level Radioactive Waste Management Office and the Port Hope Area Initiative Management Office on a cost recovery basis for Natural Resources Canada. These activities represent the majority of AECL's cost recoveries. Funding of $6 million in Q1 2013-2014 was provided through Natural Resources Canada to support the Low-Level Radioactive Waste Management Office and the Port Hope Area Initiative Management Office. This level of funding represents an increase of $2 million from the same period in the previous fiscal year as the Port Hope Area Initiative project has initiated the construction of enabling infrastructure for the Port Hope and Port Granby projects, including new access roads and waste water treatment plants.

2.5.1.4 Operating Expenses

Total operating expenses for the Nuclear Laboratories were $90 million in the first quarter of 2013-2014 compared to $94 million in Q1 2012-2013. This variance relates mostly to costs incurred in Q1 2012-2013 relating to the Nordion (Canada) Inc. arbitration that was adjudicated in Q2 2012-2013.

2.5.1.5 Net Loss before Decommissioning and Parliamentary Appropriations

Nuclear Laboratories reported a net loss before decommissioning of $71 million in the first quarter compared to a $79 million net loss in Q1 2012-2013, both prior to Parliamentary appropriations. This decrease in net loss before decommissioning and Parliamentary appropriations results from the increase in gross margin and decrease in operating expenses, both as described above.

2.5.1.6 Decommissioning Funding

Decommissioning funding recognized during the first quarter of 2013-2014 was $42 million, compared to $27 million in Q1 2012-2013. This variance is reflective of the increased environmental remediation and decommissioning activities performed in Q1 2013-2014, compared to Q1 2012-2013, with the largest increase of $9 million for Target Residue Material Repatriation. The decommissioning funding enables AECL to provide sound environmental stewardship in addressing its decommissioning and waste management liabilities.

2.5.1.7 Decommissioning Expenses

Nuclear Laboratories reported a Revaluation gain on decommissioning and waste management liability and other of $712 million in this quarter compared to a loss of $479 million in Q1 2012-2013.

This variance is related to a non-cash adjustment to the Decommissioning and waste management provision, presented on a net present value basis. The adjustment in the current quarter is the result of an increase, from the preceding quarter, in the interest rate used to calculate the reported liability.

The June 30, 2013 interest rate was 2.89%, an increase of 0.39% from March 31, 2013. Comparatively, the June 30, 2012 interest rate was 2.33%, representing a decrease of 0.33% from the March 31, 2012 rate in effect.

Financial expenses in Q1 2013-2014 of $50 million, which primarily include the increase in the net present value of the Decommissioning and waste management provision (due to the passage of time), were greater than the $37 million reported in Q1 2012-2013. This variance is attributable to the significant increase in the Decommissioning and waste management provision arising from the re-estimate undertaken in the fourth quarter of 2012-2013.

2.5.2 Commercial Operations (Discontinued Operations)

For the three month period ended June 30		2013		2012
($ millions)				
Total revenue	$	21	$	28
Total gross margin	$	22	$	4
Operating Expenses	$	12	$	10
Net income (loss) before Parliamentary appropriations	$	10	$	(6)

2.5.2.1 Revenue

AECL continued to earn revenue from certain life extension projects retained by AECL as at the date of the sale of the Commercial Operations business to Candu Energy Inc. Revenue recorded in Q1 2013-2014 relates to recognition of contract revenue with customers resulting from the close out of each of its life extension projects.

2.5.2.2 Gross Margin

Gross margin of $22 million in the first quarter reflects the revenue described above with no associated costs as these costs had been recorded in prior years and carried on the balance sheet as a contract loss provision. Additionally, certain costs recorded in previous periods have been reversed as a result of a reduction in the estimated costs to close out the life extension projects.

2.5.2.3 Operating Expenses

Operating expenses increased by $2 million to $12 million in the first quarter (Q1 2012-2013: $10 million). This increase is mostly attributable to the use of third-party service providers to support legal disputes.

2.6 Consolidated Cash Flow and Working Capital
(Before Discontinued Operations)

For the three month period ended June 30		***2013***		*2012*
($ millions)				
Cash from operating activities	**$**	**26**	$	7
Cash used in investing activities		**(20)**		(2)
Cash				
Increase		**6**		5
Balance at beginning of the period		**35**		36
Balance at end of the period	**$**	**41**	$	41

Overall, AECL's Q1 2013-2014 closing cash position remained consistent with the balance at the close of Q1 2012-2013 at $41 million.

2.6.1 Operating Activities

Operating activities generated a net cash inflow of $26 million in Q1 2013-2014 compared to $7 million in Q1 2012-2013. The first quarter variance is the result of increased cash received from customers and decreased cash paid to suppliers, partially offset by decreased cash received from Parliamentary appropriations.

2.6.2 Investing Activities

Investing activities used cash of $20 million in Q1 2013-2014 which represents an increase of $18 million when compared to the same period in the prior year. This increase results mostly from increased spending to renew capital infrastructure at the Chalk River Laboratories. The Q1 2012-2013 figure includes a cash receipt of $6 million relating to the sale of AECL's Commercial operations.

2.7 Highlights of the Consolidated Balance Sheet

($ millions)	**June 30, 2013**	March 31, 2013	Variance In $	Variance By %
Assets	**$ 984**	$ 1,140	$ (156)	-14%
Liabilities	**7,930**	8,796	(866)	-10%
Shareholder's deficit	**6,946**	7,656	(710)	-9%

AECL closed Q1 2013-2014 with assets of $984 million, which represents a $156 million decrease in assets from March 31, 2013. This variance is mainly the result of the netting of certain Balance Sheet items that had previously been carried on a gross basis, resulting from the litigation settlement with Hydro Quebec.

The decrease in Liabilities of $866 million can be attributed primarily to the change in the Decommissioning and waste management provision of $706 million, which mainly resulted from the increase in the interest rate used to estimate the reported liability. Also contributing to this decrease was the netting of certain Balance Sheet items that had previously been carried on a gross basis, resulting from the litigation settlement with Hydro Quebec.

The change in Shareholder's deficit is the result of the net income, which is mostly due to the non-cash expense associated with the change in interest rate used to estimate the decommissioning and waste management liability, incurred in the quarter.

2.8 Funding

2.8.1 Parliamentary Appropriations

For the three month period ended June 30		***2013***		*2012*
($ millions)				
Parliamentary appropriations - operating	**$**	**73**	$	206
Parliamentary appropriations - capital				
Capital infrastructure refurbishment project funding	**$**	**12**	$	8
Total Parliamentary appropriations - capital	**$**	**12**	$	8
Total Parliamentary appropriations	**$**	**85**	$	214

AECL receives Parliamentary appropriations to support planned activities. In Q1 2013-2014, the Corporation received and recognized a sum of $85 million compared to $214 million in the same quarter of the prior year. Funding is applied to the Nuclear Laboratories program activities that are aligned with federal science and technology priorities. Funding is also utilized to address the retained liabilities associated with the life extension projects. This decrease is mainly related to reduced spending on AECL's life extension projects resulting from the close out of these projects.

There were no Parliamentary appropriations receivable as at June 30, 2013.

2.8.2 Other Funding

For the three month period ended June 30	2013	2012
($ millions)		
Other funding		
Cost recoveries from third parties and other	$ 6	$ 4
Amortization of Deferred capital funding	3	3
Decommissioning and waste management	42	27
Total Other Funding	**$ 51**	$ 34

Amounts received from other government entities for execution of work performed on service contract agreements and invoiced in a manner similar to other commercial customers are classified as Other Funding. Amortization of Deferred capital funding is recorded simultaneously with the depreciation of the related asset in AECL's Interim Condensed Consolidated Statement of Comprehensive Income (Loss).

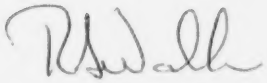
2.9 Management of Risks and Uncertainties

Risks and uncertainties are described in AECL's 2012-2013 Annual Financial Report under the section "Management's Discussion and Analysis." Risks and uncertainties and risk management practices associated with the Nuclear Laboratories and retained Commercial Operations liabilities as noted in the 2012-2013 Annual Financial Report have not materially changed in the first three months of 2013-2014.

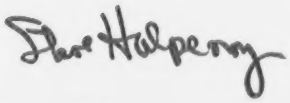
3 MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these condensed consolidated quarterly financial statements in accordance with the Treasury Board of Canada "Standard on Quarterly Financial Reports for Crown Corporations," and for such internal controls as Management determines is necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

Based on our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the condensed consolidated quarterly financial statements.



Robert Walker
President & Chief Executive Officer
August 29, 2013
Chalk River, Canada



Steven Halpenny
Chief Financial Officer
August 29, 2013
Chalk River, Canada

4 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim Condensed Consolidated Balance Sheet
(Unaudited)

(thousands of Canadian dollars)	Notes	June 30, 2013	March 31, 2013
Assets			
Current			
Cash		**$ 41,357**	$ 35,461
Trade and other receivables	10	**167,602**	330,143
Current portion of long-term receivables		**22,872**	22,566
Inventory		**29,062**	26,150
		260,893	414,320
Long-term receivables		**99,360**	105,031
Investments held in trust		**41,872**	42,477
Heavy water inventory		**287,759**	290,107
Property, plant and equipment	4	**292,600**	286,371
Intangible assets		**1,390**	1,511
		$ 983,874	$ 1,139,817
Liabilities			
Current			
Trade and other payables	7,10	**$ 112,895**	$ 141,281
Customer advances and obligations	10	**23,321**	167,774
Provisions	5,10	**73,604**	74,409
Current portion of decommissioning and waste management provision	6	**221,000**	205,000
Restructuring provision	10	**3,748**	3,873
		434,568	592,337
Decommissioning and waste management provision	6	**7,042,830**	7,765,040
Deferred capital funding	8	**247,762**	238,860
Deferred decommissioning and waste management funding		**177,438**	171,508
Employee benefits	7	**27,288**	27,975
		7,929,886	8,795,720
Shareholder's deficit			
Share capital		**15,000**	15,000
Contributed capital		**257,299**	264,071
Deficit		**(7,218,311)**	(7,934,974)
		(6,946,012)	(7,655,903)
		$ 983,874	$ 1,139,817

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

For the three months ended (thousands of Canadian dollars)	**Notes**	**June 30, 2013**	June 30, 2012
Nuclear Laboratories			
Revenue		**$ 21,683**	$ 17,738
Cost of sales		**13,237**	11,705
Gross margin before funding		**8,446**	6,033
Funding	8	**9,158**	6,983
Gross margin		**17,604**	13,016
Operating expenses		**90,396**	94,192
Operating loss		**(72,792)**	(81,176)
Financial income	9	**1,883**	1,991
Financial expenses	9	**-**	56
Net loss before decommissioning and waste management and Parliamentary appropriations		**$ (70,909)**	$ (79,241)
Decommissioning and waste management			
Funding	8	**$ 41,835**	$ 26,927
Revaluation gain (loss) on decommissioning and waste management provision and other	6	**712,223**	(478,985)
Decommissioning and waste management income (loss) before financial expenses		**754,058**	(452,058)
Financial expenses	9	**49,813**	36,991
Decommissioning and waste management net income (loss) before Parliamentary appropriations		**704,245**	(489,049)
Net income (loss) from continuing operations before Parliamentary appropriations and discontinued operations		**$ 633,336**	$ (568,290)
Discontinued Operations (Note 10)			
Operating income (loss) from discontinued operations	10	**$ 10,568**	(5,739)
Income (loss) from discontinued operations		**10,568**	(5,739)
Income (loss) before Parliamentary appropriations		**$ 643,904**	$ (574,029)
Parliamentary appropriations	8	**$ 72,759**	$ 206,266
Other comprehensive income (loss)			
Other employee benefit plan actuarial (loss) gains		**-**	-
Other comprehensive (loss) income		**-**	-
Total comprehensive income (loss)		**$ 716,663**	$ (367,763)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Shareholder's Deficit
(Unaudited)

For the three months ended June 30, 2013
(thousands of Canadian dollars)

	Share Capital	Contributed Capital	Deficit	Total Shareholder's Deficit
Balance at March 31, 2013	**$ 15,000**	**$ 264,071**	**$ (7,934,974)**	**$ (7,655,903)**
Net income attributable to Shareholder for the period	-	-	716,663	716,663
Transfer to deferred decommissioning and waste management funding	-	(5,930)	-	(5,930)
Transfer to repayable contributions	-	(842)	-	(842)
Balance at June 30, 2013	**$ 15,000**	**$ 257,299**	**$ (7,218,311)**	**$ (6,946,012)**

For the three months ended June 30, 2012
(thousands of Canadian dollars)

	Share Capital	Capital	Deficit	Shareholder's
Balance at March 31, 2012	**$ 15,000**	**$ 291,867**	**$ (5,840,895)**	**$ (5,534,028)**
Net loss attributable to Shareholder for the period	-	-	(367,763)	(367,763)
Transfer to deferred decommissioning and waste management funding	-	(5,930)	-	(5,930)
Transfer to repayable contributions	-	(712)	-	(712)
Balance at June 30, 2012	**$ 15,000**	**$ 285,225**	**$ (6,208,658)**	**$ (5,908,433)**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Cash Flow Statement
(Unaudited)

For the three months ended (thousands of Canadian dollars)	**June 30, 2013**	June 30, 2012
Operating activities		
Cash receipts from customers	**$ 68,247**	$ (15,192)
Cash receipts from Parliamentary appropriations	**85,000**	214,300
Cash receipts for decommissioning and waste management activities	**60,019**	38,474
Cash paid to suppliers and employees	**(145,500)**	(195,652)
Cash paid for decommissioning activities	**(41,886)**	(27,021)
Payment of proceeds on disposal of discontinued operations to Shareholder	**-**	(7,734)
Interest received on investments (net)	**102**	52
Interest and bank charges paid	**(11)**	(7)
Cash from operating activities	**25,971**	7,220
Thereof from discontinued operations	**(11,288)**	(4,122)
Investing activities		
Proceeds on disposal of discontinued operations	**-**	6,134
Acquisition of property, plant and equipment and intangible assets	**(20,075)**	(7,891)
Cash used in investing activities	**(20,075)**	(1,757)
Thereof from discontinued operations	**-**	6,134
Cash:		
Increase	**5,896**	5,463
Balance at beginning of the period	**35,461**	35,439
Balance at end of the period	**$ 41,357**	$ 40,902

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three period ended June 30, 2013

(Expressed in thousands of Canadian dollars)

(UNAUDITED)

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1. The Corporation

Atomic Energy of Canada Limited (AECL or the Corporation) was incorporated in 1952 under the provisions of the *Canada Corporations Act* (and continued in 1977 under the provisions of the *Canada Business Corporations Act*), pursuant to the authority and powers of the Minister of Natural Resources under the *Nuclear Energy Act*.

The Corporation is a Schedule III Part I Crown corporation under the *Financial Administration Act* and an agent of Her Majesty in Right of Canada. As a result, AECL's liabilities are ultimately liabilities of Her Majesty in Right of Canada. The Corporation receives funding from the Government of Canada and is exempt from income taxes in Canada.

AECL conducts its business through the Nuclear Laboratories and the Wrap-Up Office, which manages the retained liabilities associated with AECL's Commercial Operations, sold on October 2, 2011. These organizations aid in resource allocation decisions and assess operational and financial performance. Nuclear Laboratories includes the management of the decommissioning and waste management liability on behalf of the Government of Canada. AECL is domiciled in Canada and its address is Chalk River Laboratories, Chalk River, Ontario, K0J 1J0.

These interim condensed consolidated financial statements were approved and authorized for issue by the Corporation's Board of Directors on August 14, 2013.

2. Restructuring and Corporate Plan

The Government of Canada completed the first phase of its restructuring plan for AECL in 2011-2012 when it sold AECL's Commercial Operations to Candu Energy Inc., a wholly-owned subsidiary of SNC-Lavalin. This first restructuring phase has resulted in the presentation of Commercial Operations as discontinued operations (Note 10).

In February 2012, the Government of Canada formally launched the second phase of its AECL restructuring plan in relation to the Nuclear Laboratories. The Government of

Canada's initiative is focusing on the long-term mandate, governance and management structure of the Nuclear Laboratories.

In February 2013, the Government of Canada announced its intention to contract with the private sector for the management of AECL based on a Government-owned, Contractor-operated model, known as a GoCo. Under this model, AECL's activities will be focused on managing its radioactive waste and decommissioning responsibilities, performing science and technology activities to meet federal core obligations and supporting Canada's nuclear industry on a commercial basis.

The services of a nuclear advisor is being sought and a financial advisor has been selected by Natural Resources Canada to help guide the decision-making as the restructuring process moves ahead in the coming year. Ultimate selection of the Contractor is at the sole discretion of the Shareholder.

AECL's 2013-2014 Corporate Plan received Governor in Council approval in the first quarter of the 2013-2014 fiscal year. The Corporate Plan is aligned with the restructuring direction provided by the Shareholder and financial statements have been prepared without making any assumptions as to the outcomes of the second phase of the restructuring. As such, they do not contemplate any changes to AECL's existing activities.

3. Basis of Preparation

a) Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34. As permitted under IAS 34, these interim condensed consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended March 31, 2013.

The Corporation's interim condensed consolidated financial statements have been prepared based on International Financial Reporting Standards (IFRS) issued and effective as of the balance sheet date.

b) Basis of Presentation

The Corporation's interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and derivative financial instruments, which are measured at fair value.

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands, except where otherwise indicated.

c) Basis of Consolidation

Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These consolidated financial statements include the accounts of the Corporation's wholly-owned subsidiaries, AECL Technologies Inc., incorporated in the state of Delaware, U.S.A. in 1988; AECL Technologies B.V., incorporated in the Netherlands in 1995; and its interest in a Trust Fund, a Special Purpose Entity (as defined in Note 4(d) of the Corporation's annual consolidated financial statements for its fiscal period ended March 31, 2013). All inter-company transactions have been eliminated upon consolidation.

d) Critical Accounting Estimates, Assumptions and Judgments

The preparation of financial statements in conformity with IAS 34 guidelines requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Corporation's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 3(c) of the Corporation's annual consolidated financial statements for the year ended March 31, 2013.

e) Significant Accounting Policies

Significant accounting policies applied in these interim condensed consolidated financial statements are disclosed in Note 4 of the Corporation's annual consolidated financial statements for the year ended March 31, 2013. The accounting policies have been applied consistently to the current and comparative quarters.

4. Property, Plant and Equipment

(thousands of Canadian dollars)	June 30, 2013	March 31, 2013
Balance - Beginning of period	**$ 286,371**	$ 263,277
Additions and transfers	**12,545**	98,530
Disposals and transfers	**(306)**	(40,264)
Other changes	**(1,500)**	(8,968)
Depreciation	**(4,510)**	(21,502)
Impairment	**-**	(4,702)
Balance - End of period	**$ 292,600**	$ 286,371

5. Provisions

(thousands of Canadian dollars)	June 30, 2013	March 31, 2013
Contract loss	**$ 31,029**	$ 31,558
Other provisions	**42,575**	42,851
	$ 73,604	$ 74,409

6. Decommissioning and Waste Management Provision

(thousands of Canadian dollars)	June 30, 2013	March 31, 2013
Carrying amount - Beginning of period	**$ 7,765,040**	$ 5,543,030
Carrying amount - Beginning of period, current portion	**205,000**	135,500
Liabilities settled	**(44,239)**	(135,342)
Unwinding of discount	**49,812**	145,952
Effect of change in discount rate	**(714,995)**	227,508
Revision in estimate and timing of expenditures	**-**	2,064,173
Revision in estimate and timing of expenditures affecting Property, plant and equipment	**-**	(10,781)
Waste, decommissioning and site restoration costs from ongoing operations	**3,212**	-
Carrying amount - End of period	**7,263,830**	7,970,040
Less current portion	**(221,000)**	(205,000)
	$ 7,042,830	$ 7,765,040

The provision is re-valued at the current interest rate in effect at each balance sheet date.

The provision as at June 30, 2013 was discounted using a rate of 2.89%. The opening balance as at March 31, 2013 was discounted using a rate of 2.50%.

The effect of a change in the interest rate on the provision is recognized in Revaluation gain (loss) on decommissioning and waste management provision and other in the Interim Condensed Consolidated Statement of Comprehensive Income (Loss). The total gain, relating to the interest rate change, for the first quarter was $714,995 (Q1 2012-2013: $485,077 charge).

7. Employee Benefits

a) Pension Plan

Employees of the Corporation participate in the Public Service Pension Plan (PSPP). The PSPP is a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

Total contributions made on account of current service are as follows:

For the three month period ended June 30 *(thousands of Canadian dollars)*		**2013**		2012
Payments by employees	**$**	**4,922**	$	4,304
Payments by employer	**$**	**8,349**	$	7,832

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two per cent of pensionable service, multiplied by the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and are indexed to inflation.

b) Employee Benefits

The Corporation provides certain voluntary termination compensation (VTC) and other post-employment benefits as described in Note 4(m) of the annual consolidated financial statements dated March 31, 2013. The defined benefit obligation is not funded, as funding is provided when benefits are paid. Accordingly, there are no plan assets and the defined plan deficit is equal to the defined benefit obligation of $36.1 million (March 31, 2013: $40.2 million) of which $27.3 million (March 31, 2013: $28.0

million) is recorded as Employee benefits under long-term liabilities and $8.8 million (March 31, 2013: $12.2 million) is recorded as Trade and other payables.

The VTC included in the reported Employee benefits liability is $18.5 million (March 31, 2013: $21.9 million) and is payable in instances of future voluntary resignations and retirements. Consistent with Government of Canada expectations of federal agencies or Crown corporations, AECL began eliminating this benefit in fiscal 2012-2013.

As the elimination of the VTC is agreed upon and implemented, employees eligible for payment of the accrued benefits are offered three options with respect to the timing of the payments. An estimate of the amounts expected to be paid in 2013-2014 is based on the Corporation's most recent actuarial valuation and is included in Trade and other payables.

The Corporation's total expense for employee benefits was $1.5 million for this quarter (Q1 2012-2013: $1.4 million).

8. Funding

a) Parliamentary Appropriations

AECL segregates its Parliamentary appropriations, which include Statutory Funding, to ensure funds are spent in a manner consistent with the basis for which they were approved. Approved Main Estimates include amounts for Facilities and Nuclear Operations and Research and Development. Approved Supplementary Estimates are in support of the operation and maintenance of the Chalk River Laboratories and are used as an augmentation to the Main Estimates. Statutory Funding relates to amounts associated with obligations pursuant to the divestiture of the Commercial Operations business.

For the three months ended June 30, 2013, Parliamentary appropriations were received and recognized as follows:

(thousands of Canadian dollars)		**2013**		2012
Parliamentary appropriations - operating	**$**	**72,759**	$	206,266
Parliamentary appropriations - capital				
Capital infrastructure refurbishment project funding	**$**	**12,241**	$	8,034
Total Parliamentary appropriations	**$**	**85,000**	$	214,300

There were no Parliamentary appropriations receivable as at June 30, 2013.

b) Other Funding

Other funding was recognized as follows:

For the three month period ended June 30		2013		2012
(thousands of Canadian dollars)				
Operating funding				
Cost recoveries from third parties and other	$	**5,819**	$	4,088
Amortization of Deferred capital funding		**3,339**		2,895
	$	**9,158**	$	6,983
Decommissioning and waste management		**41,835**		26,927
	$	**50,993**	$	33,910

c) Deferred Capital Funding

Deferred capital funding was provided to the Corporation through appropriations from its Shareholder as follows:

		June 30, 2013
(thousands of Canadian dollars)		
Deferred capital funding		
Deferred capital funding as at March 31, 2013	$	**238,860**
Capital funding recognized during the period		**12,241**
Amortization of Deferred capital funding		**(3,339)**
Deferred capital funding as at June 30, 2013	$	**247,762**

		March 31, 2013
(thousands of Canadian dollars)		
Deferred capital funding		
Deferred capital funding as at March 31, 2012	$	192,314
Capital funding recognized		59,483
Amortization of Deferred capital funding		(12,937)
Deferred capital funding as at March 31, 2012	$	238,860

9. Financial Income and Expenses

For the three month period ended June 30 *(thousands of Canadian dollars)*		**2013**		2012
Financial income				
Interest on long-term receivables	**$**	**1,781**	$	1,939
Interest on investments and other		**102**		52
	$	**1,883**	$	1,991
Financial expenses				
Interest on long-term payables	**$**	**-**	$	56
Unwinding of discount on decommissioning and waste management provision net of trust fund income		**49,813**		36,991

10. Discontinued Operations

On October 2, 2011, the Government of Canada sold AECL's Commercial Operations to Candu Energy Inc., a wholly-owned subsidiary of SNC-Lavalin , at which point Candu Energy Inc. assumed full ownership and day-to-day operational control over the Commercial Operations.

The sale involved certain AECL-owned assets to Candu Energy Inc. and an exchange of undertakings among the three parties (AECL, SNC-Lavalin and the Government of Canada). A suite of agreements executed at the close of the transaction covers such matters as intellectual property and the new provision of inter-company services between AECL and Candu Energy Inc. It also includes sub-contracting agreements relating to the existing life extension projects, whereby Candu Energy Inc. will complete the contracts as a sub-contractor to AECL, which retains contractual responsibility.

The sale price for the AECL-owned assets was adjusted for closing working capital balances as at the date of the transaction. All proceeds from the sale of the assets were remitted to the Receiver General of Canada.

On the closing date, Candu Energy Inc. hired 1,522 Commercial Operations personnel, including full-time and contract employees, and 390 AECL employees received termination notices from AECL. A Restructuring provision was recorded for $36.5 million, of which $32.8 million has been paid as of June 30, 2013 (March 31, 2013: $32.6 million) and $3.7 million remained to complete the process (March 31, 2013: $3.9 million).

The Commercial Operations are considered a discontinued operation. Income and cash flows for the Commercial Operations (Discontinued Operations) are reported separately in these interim condensed consolidated financial statements in accordance with IFRS 5.

Results of Discontinued Operations

For the three month period ended June 30 *(thousands of Canadian dollars)*		**2013**		2012
Revenue	$	**20,663**	$	27,741
Cost of sales		**(1,815)**		23,252
Gross margin		**22,478**		4,489
Operating expenses		**11,910**		10,228
Operating income (loss) from discontinued operations	$	**10,568**	$	(5,739)

The following balances included in the Interim Condensed Consolidated Balance Sheet relate to ongoing projects and restructuring costs included in Discontinued Operations:

(thousands of Canadian dollars)		**June 30, 2013**		March 31, 2013
Assets				
Trade and other receivables	$	**136,841**	$	263,811
Liabilities				
Trade and other payables	$	**22,515**	$	19,220
Customer advances and obligations		**19,219**		165,230
Provisions		**57,104**		57,909
Restructuring provision		**3,748**		3,873

11. Commitment and Contingency

As part of the sale of AECL's Commercial Operations, the Government of Canada, through AECL, began providing Candu Energy Inc. with up to $75 million to support the completion of the Enhanced CANDU Reactor development program. As at June 30, 2013, $53 million (Q1 2012-2013: $26 million) of this amount had been expensed and $52 million (Q1 2012-2013: $22 million) had been paid by AECL. Additionally, under certain conditions outlined in the contract with Candu Energy Inc., AECL may be responsible for reimbursing Candu Energy Inc. for certain costs.

12. Comparative Figures

Certain of the June 30, 2012 comparative figures have been reclassified to conform to the financial statement presentation adopted in the 2013-2014 fiscal year. In the June 30, 2012 comparative figures, $6 million has been reclassified from Operating expenses to Revaluation gain (loss) on decommissioning and waste management provision and other in order to better reflect the nature of these expenditures. This reclassification did not have a material impact on the Consolidated Statement of Comprehensive Income (Loss).

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